

TRUSTEES' OPEN MEETING MINUTES

PLACE: Funds Administration Conference Room/Lansing, MI

DATE: December 12, 2012

TIME CALLED TO ORDER: 9:00 a.m.
MOVED TO CLOSED SESSION: 9:48 a.m.
RETURNED TO OPEN SESSION: 10:39 a.m.
OPEN MEETING ADJOURNED: 10:40 a.m.

MEMBERS PRESENT:

Trustees: Douglas A. Green, Kevin A. Elsenheimer and Michael T. Reid

Assistant Attorney General: Dennis J. Raterink and Brian Galin

Funds Staff: Mark C. Long, Richard W. Smith, Allison Kelly, Janice Remer & Lavonne Blonde

PRESIDING PERSON:

Mark C. Long, Funds Administrator

RESPECTFULLY SUBMITTED:

Lavonne Blonde, Executive Secretary

#	TOPIC	MOTIONS/SECOND/AMENDMENTS MEMORANDUMS/LETTERS	SUMMARY/RESULT
1.	Open Minutes from November 13, 2012 Trustee Meeting.	Motion by Kevin Elsenheimer to approve the minutes of November 13, 2012 as written. Douglas Green supported.	Unanimous approval. Minutes approved.
2.	Financial Statements	September 2012 Final Statements	Mark Long briefly reviewed the financial statements and indicated that the Funds are on secure financial ground and remain consistent across the board. Trustees noted.
3.	Assessments	None	Mark Long indicated that Allison Kelly will be sending out notification to collect indemnity at the end of January. We are working on making the indemnity request form available on the web as well as working with finance to see about the ability to accept payment electronically. Trustees noted.

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4.	Appealed Cases by Issue Report as of November 15, 2012	Report.	Mark Long advised that the US District Court appeal for summary motion of judgment has been added to this report. Dennis Raterink added an update that Smither will be heard in early January. Trustees noted.
5.	Redemption Activity Report November 3, 2012 – December 5, 2012	Report.	Mark Long asked if there were any questions on the redemption activity report, which is a report showing the settlements made within the Funds authority since the last trustee meeting. Mark did note a settlement made for \$110,000 in Kirk Small v. Delphi in which Sedgwick set the original reserves at \$500,000. Trustees noted.
6.	AAG/SAAG Activity and Reports	October and November 2012 AAG and SAAG Litigation and Billing reports.	Brian Galin reviewed the reports indicating the numbers remain even and noted two cases tried by SAAG Murray Feldman with a positive outcome for the Funds. Trustee discussed.
7.	Attorney General Hourly Rate Analysis	Memorandum from Mark C. Long to Trustees. Motion by Kevin Elsenheimer to raise the hourly SAAG rate from \$70.00 to \$80.00 per hour effective October 1, 2012. Michael Reid supported.	Mark Long summarized his memo to the Trustees advising what the impact would be to the Funds Administration if we were to increase the hourly rate to the SAAG's. Trustees discussed and unanimously approved.
8.	Funds/AG Claim Roundtable	None.	Mark Long advised that our AG's, Examiners, Assistant Administrators and he would begin to meet monthly, in January, to have discussions, both prospectively and retrospectively, regarding claims. Douglas Green questioned if this is being done now when questions arise on claims. Mark indicated that when questions arise Assistant Administrators or Examiners bring the files to him on an informal basis. Trustees discussed.
9.	Lapeer Metal Stamping Update	Copy of Workers' Disability Compensation Trust Motion by Douglas Green, based on a fiduciary standpoint, to not return any monies to Lapeer and to recommend trust language to the WCA regarding trusts revocability. Michael Reid supported. Douglas Green and Michael Reid approved. Kevin Elsenheimer abstained.	Mark Long gave a brief history on this topic. Lapeer Metal Stamping approached the Funds in May 2012 to seek money back from the trust that was established in 2009. Lapeer had been a self-insured employer but chose not to renew their security due to a wind down of their business. At that time the Agency called the letter of credit and put the monies into a trust agreement to fund future liabilities. In response to the initial request, a meeting was held between Lapeer representatives

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9.	Lapeer Metal Stamping Update		<p>and Dennis Morrill and Rick Smith on behalf of the Funds. At that meeting the Fund's representatives requested that Lapeer provide a summation of cases at the time the letter of credit was called and 10 years of exposure. An analysis of their companies experience in other jurisdictions was provided however the summation of case outcomes was not. Based on information received and a review of Agency records it was determined that Lapeer redeemed one case in 2012 and will need to pay assessments. Mark has some concerns with the language of the trust and whether or not the trustees even have authority to return monies put into a trust. Mike Reid pointed out that 5a of the trust language would indicate no monies could be returned. Dennis Raterink then advised, based on trust agreements and trust law, the different options available to the Trustees along with the pros and cons of each option. Trustees discussed the options and the possible outcomes associated with each option along with a recommendation for future trust language.</p> <p>After further discussion a motion was presented and approved.</p>
10.	SISF Stakeholders Meeting	None.	<p>Mark Long advised that he and Kevin Elsenheimer met with SISF stakeholders to answer questions they had on possible legislative changes particularly in the assessment language and what they would like to see added and/or removed from the language. Douglas Green added that the feedback he received on the meeting was neither positive nor negative with the exception of Mr. Hanna, representing the group fund industry, who is not in favor of the proposed legislation.</p> <p>Trustees discussed.</p>
11.	2013 Proposed Meetings Dates	Meeting schedule.	<p>Mark Long asked if there were any conflicts with the proposed dates for the 2013 trustee meetings.</p> <p>Trustees discussed and there were no conflicts with the presented dates.</p>
12.	Any Other issues that come before the Board	None.	<p>Mark Long presented Janice Remer with a service award for 35 years of dedicated service.</p> <p>Trustees noted.</p>
13.	Moved into Closed Session	Motion made by Douglas Green to move into closed session to discuss issues of trial or settlement strategy with council	<p>Unanimous approval. Moved into closed session at 9:48 a.m.</p>

